THE GAMING GROUP LIMITED
Registered No. 04522448

REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2019

Corporate information

Directors
Mr J.P. O'Reilly
Mr W. J.S. Floydd
Mr J.D. Swaine

Company Secretary
Ms L.A. Wright

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
RBS
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London
EC2M 4AA

Registered Office
TOR, Saint-Cloud Way
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Principal activities
The principal activity of the Company is the operation of two casinos providing gaming and other leisure facilities and acting as an asset holding company.

The Company is a limited company incorporated and domiciled in England and Wales. The directors do not anticipate any change in the activity of the Company in the foreseeable future.

Review of the business
The directors' focus is on increasing customer visits to the Company's business by bringing enjoyable gaming-based leisure experiences to a broader base of customers.

The strategy of the Company is managed as part of the overall casino operations of The Rank Group Plc ('Group'), which include Grosvenor Casinos Limited and Grosvenor (GC) Casinos Limited. The main aims of the strategy for the casino operations are as follows:

- Creating a compelling multi-channel offer – by building on the existing portfolio of venues, membership systems, reward programmes and high level of engagement between team members and customers;
- Build digital capability and scale – digital channels now represent a significant growth opportunity;
- Continuously evolve our venues proposition – continuing to invest in existing venues (in terms of product, environment and service) and by creating new ones;
- Constantly improve our customer experiences through innovation – our customers are at the heart of our business and we invest in new technologies to their benefit;
- Be committed to safe and fair gaming - we are committed to operating in a responsible manner and recognise the importance of continuous innovation to refine our approach to make gambling as safe as possible.; and
- Create an environment which enables our colleagues to develop, be creative and deliver exceptional service.

The results for the Company show a pre-tax profit of £3.7m for the year (2018: £3.1m) and revenue of £16.8m (2018: £16.0m). During the year the Company grew its revenue and achieved cost savings as a result of the transformation programme initiatives. Under the Group's transformation programme, a new casino operating model was introduced across the estate focused on removing layers of management in our casinos and ensuring the scheduling of colleagues' hours better matched consumer demand.

The balance sheet as at 30 June 2019 shows net current assets of £6.5m (2018: £3.2m) and the Company generated a positive cash inflow. Cash generated during the period has been pooled in accordance with the Group's treasury policy to a fellow subsidiary resulting in an increase in amounts due from this fellow subsidiary. The increase in net assets reflects profit in the year.

The directors consider that it is appropriate to prepare the financial statements on a going concern basis.

Key performance indicators
The directors of The Rank Group plc (Group) manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance, and position of the casino division of the Group, which includes the Company, is discussed in more detail on pages 34 and 35 of the Group's 2019 Annual Report and Accounts ('ARA') which do not form part of this report. The directors do not anticipate any immediate or substantial variations to the Company's current activities.

Principal risks and uncertainties
The principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 50 to 51 of the Group's ARA for the year ended 30 June 2019.

The Company operates in a competitive market with limited supply and the action of its competitors, particularly new or relocated casinos, can impact on the performance of the Company. The Company actively defends its position against new entrants to the market in existing locations. The risks and uncertainties and their mitigations pertaining to the Company are shown on the following page.

Principal risks and uncertainties (continued)

Principal risk		**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
Laws and regulations	Regulatory and legislative regimes for betting and gaming in key markets are constantly under review and can change at short notice. These changes could benefit or have an adverse effect on the business and additional costs might be incurred in order to comply. Current key risk areas include: • responsible gambling (including adverse impact on brand and reputation); • enhanced due diligence requirements in relation to anti money laundering (AML); and • jurisdiction management.	**Increasing** With the increased focus of regulators, the risk here is considered to be increasing, and the impact of non-compliance could result in the imposition of licence conditions, the loss of gaming licences and/or fines.	The Company ensures that it: • actively provides and promotes a compliant environment in which customers can play safely; • participates in trade representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that the business provides to the economy; • works with stakeholders, customers and regulators to help public understanding of the gaming offers it provides; and business provides to the economy; • engages with regulators as appropriate and examines the learnings from, and measures adopted by, other operators and sectors of the gambling industry.	**Be committed to safe and fair gambling**
Taxation	Changes in fiscal regimes for betting and gaming in key markets can change at short notice. These changes could benefit or have an adverse effect, and additional costs might be incurred in order to comply with any fiscal requirements. Current key risk areas include: • Remote Gaming Duty;	**Stable** It is envisaged that there will be no further changes in taxation in the immediate future.	The Company ensures that it: • continues to monitor taxation legislation; • performs regular analysis of the financial impact to the organisation of changes to taxation rates; and • develops organisational contingency plans as appropriate.	

Principal risks and uncertainties (continued)

Principal risk		**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
	• Machine Gaming Duty; and • Gaming Duty.			
Changing customer needs(retail)	Progressive changes over time in retail consumer spending habits are resulting in lower numbers of customer visits. This can also be attributable to the overall retail proposition declining in relevance to the consumer and changes in the macroeconomic environment.	**Increasing** With the retail macroeconomic environment, and continuous changes in consumer spending habits, there is an ever-increasing need for the Company to focus on assessing the relevance of our customer proposition.	The Company monitors financial performance across the clubs with clubs performing adversely being raised for remedial attention with customer satisfaction metrics being used to also monitor club performance. Changing the club product and service offering to have greater appeal to today's more leisure-oriented customer is a priority within the transformation programme.	**Consistently evolve our venue proposition** **Consistently improve our customer experience through innovation**
Transformation and technology projects and programmes	Key Company projects and programmes could fail to deliver, resulting in missed market opportunities, and/or take longer to deliver, resulting in missed synergies and savings.	**Stable** A failure to deliver key strategic projects impacts on customer loyalty and the strategic growth of the organisation.	The Company ensures that projects and programmes: • are subjected to detailed management oversight from a project team as well as having sponsorship from a senior-level stakeholder; • use a structured and disciplined project delivery methodology to ensure that they are robustly managed to achieve their outcome; and • use a comprehensive risk management approach managed by experienced project and programme managers.	**Create a compelling multi-channel offer** **Build a digital capability and scale**

Principal risks and uncertainties (continued)

Principal risk		Change in risk/Impact	Risk mitigation strategy	Link to strategy
Business continuing planning and disaster recovery	Planning and preparation of the organisation, to ensure it overcomes serious incidents or disasters and resume normal operations within a reasonably short period, is critical to ensure that minimal impact occurs to its operations, customers and reputation. Typical disasters might include: natural disasters such as fires and floods, accidents impacting key people, insolvency of key suppliers, negative media campaigns and market upheavals.	**Stable** The geographical nature of the operating environment and key risk exposures have not changed significantly and are known and understood.	Company business continuity plans are being refreshed for key sites and business areas. This approach includes the development, embedding and refinement of the incident and crisis management approach for the Company in order to proactively manage these incidents.	**Build digital capability and scale**
Data management	Processing of personal customer data (including name, address, age, bank details and betting/ gaming history) is performed and therefore must comply with strict data protection and privacy laws in all jurisdictions in which the Company operates, such as GDPR.	**Stable** The Company has developed a robust control environment in relation to customer data controls and the regulatory requirements.	The Company addresses the risk by way of continued programmes for awareness, ongoing training for all colleagues and an experienced data protection officer to oversee ongoing data compliance.	**Build digital capability and scale** **Consistently improve our customer experience through innovation**
Cyber security and operational resilience	Cyber-attacks can disrupt and cause considerable financial and reputational damage to the Company. If a cyber-attack were to occur the Company could lose assets, reputation and business, and potentially face regulatory fines and	**Increasing** Due to the persistent nature of this threat and reliance on core technology systems, this is considered an increasing risk to the Company.	We have carried out external cyber benchmarking to understand the maturity of controls, with a roadmap of further work planned to enhance them within the current IT estate. A programme of work is ongoing to enhance cyber	**Build digital capability and scale**

Principal risks and uncertainties (continued)

Principal risk		**Change in risk/Impact**	**Risk mitigation strategy**	**Link to strategy**
	litigation – as well as the costs of remediation. Operations are highly dependent on technology and advanced information systems (such as cloud computing) and there is a risk that such technology or systems could fail, or outages occur.		security and resilience within the IT estate with dedicated, specialised resources.	
Third-party supply chain	The Company is dependent on a number of third-party suppliers for the operation of its business. The withdrawal or removal from the market of one or more of these third-party suppliers, or failure of these suppliers to comply with contractual obligations, could adversely affect operations, especially where these suppliers are niche.	**Stable** The third-party operating environment and key risk exposures remain unchanged.	• The Company has a central team in place to oversee the process for acquisition of suppliers across the Company together with the development of a supplier risk management framework. • Close communication and accountability for relationships within the Company are in place for these suppliers, with suppliers required to ensure that Company requirements are met.	

Brexit

The Company is as prepared as it can be for a no deal Brexit. The risks of a no deal Brexit centre on colleagues in our UK venues who are EU nationals and who have not applied for, or received, settled status; the timely supply of food and beverage products to our UK venues; the challenges which could arise for commuters at the Spain/Gibraltar border; and the general economic shock of a no deal Brexit and its impact on consumer confidence and expenditure. Mitigations have been prepared for each of these risks to reduce the potential impact.

By order of the board

Mr W.J.S. Floydd
Director
Date: 19 December 2019

The directors present their report and financial statements for the year ended 30 June 2019.

Directors

The following were directors of the Company during the year and up to the date of these accounts:

Mr J.P. O'Reilly
Mr W.J.S Floydd (appointed 17 December 2018)
Mr A. Morgan (appointed 2 July 2018, resigned 31 July 2019)
Mr J.D Swaine (appointed 22 October 2019)
Mr J.C. Pizey (appointed 18 August 2018, resigned 17 December 2018)
Mr C.A.R. Jennings (resigned 17 August 2018)

Dividends

The directors do not propose payment of a dividend (2018: £600,000).

Human resources

The Company recognises that the contribution made by its employees is crucial to the success of the business. Substantial investment is therefore made in the training, development and motivation of employees with particular attention to ensuring customer satisfaction through the consistent achievement of high standards of service and delivery of quality products.

Employee involvement in the direction and objectives of the business is encouraged through the use of incentive schemes to focus employees on key performance indicators. In addition, communication and consultation programmes exist at site and Company level. The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation.

Future developments

Details of future developments are included in the Strategic Report on pages 2 to 7.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- present fairly the financial position, financial performance, and cash flows of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in UK Generally Accepted Accounting Practice is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and final performance;
- state whether the financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements for the Company on the going concern basis, unless it is appropriate to assume that the Company will not continue in business, in which case there should be supporting assumptions or qualifications.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insurance and indemnities
The Group has arranged insurance cover in respect of legal action against the directors of the Company. To the extent permitted by English law, the Company also indemnifies the directors. Neither the insurance nor the indemnity provides cover in situations where a director has acted fraudulently or dishonestly.

Financial instruments
The Company finances its activities with a combination of intercompany funding and cash at bank, details of which are disclosed in note 13. Other financial assets and liabilities arise directly from the Company's operating activities.

These financial instruments give rise to market, credit and liquidity risks. As a wholly owned subsidiary of the Group many of these risks are combined on a group basis and managed by a centralised treasury team. Details of the financial risk management objectives and policies of this centralised team are disclosed in note 19 of Group's ARA. Details of how to obtain this report are shown in note 15.

Auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with s487(2) of the Companies act 2006, Ernst & Young LLP will continue as auditors of the Company.

By order of the board

Mr W.J.S. Floydd
Director

Date: 19 December 2019

Opinion

We have audited the financial statements of The Gaming Group Limited for the year ended 30 June 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date 20 December 2019

THE GAMING GROUP LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Revenue	2	16,803	16,048
Cost of sales		(9,681)	(9,234)
Gross profit		7,122	6,814
Administrative expenses		(3,504)	(3,628)
Exceptional operating costs	3	-	(160)
Operating profit		3,618	3,026
Net Interest receivable	4	47	74
Profit on ordinary activities before taxation		3,665	3,100
Taxation	5	(699)	(593)
Profit for the year		2,966	2,507

All results are from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Profit for the year	2,966	2,507
Total comprehensive income for the year	2,966	2,507

THE GAMING GROUP LIMITED
BALANCE SHEET AS AT 30 JUNE 2019

	Note	At 30 June 2019 £000	At 30 June 2018 £000
Fixed assets			
Intangible assets	7	6,302	6,302
Tangible assets	8	2,287	2,552
		8,589	8,854
Current assets			
Other receivables	10	8,554	4,547
Cash at bank and in hand		32	288
		8,586	4,835
Payables: amounts falling due within one year			
Trade and other payables	11	(1,440)	(1,011)
Income tax payable		(677)	(608)
		(2,117)	(1,619)
Net current assets		6,469	3,216
Total assets less current liabilities		15,058	12,070
Payables: amounts falling due after more than one year			
Deferred tax liability	9	(178)	(156)
		(178)	(156)
Net assets		14,880	11,914
Capital and reserves			
Called up share capital	12	-	-
Retained earnings		14,880	11,914
Total shareholder's equity		14,880	11,914

The notes on pages 15 to 25 are an integral part of these financial statements.

These accounts were approved by the board on 19 December 2019 and signed on its behalf by:

Mr W.J.S. Floydd
Director

THE GAMING GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Share capital £000	Retained earnings £000	Total £000
At 1 July 2017	-	10,007	10,007
Profit and total comprehensive income for the year	-	2,507	2,507
Transactions with owners:			
Dividends paid to equity shareholder		(600)	(600)
At 30 June 2018	-	11,914	11,914
Profit and total comprehensive income for the year	-	2,966	2,966
At 30 June 2019	-	14,880	14,880

There are 1 ordinary shares in issue at 30 June 2019, with a nominal value per share of 100p, meaning a cumulative value of £1.

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies are in accordance with applicable accounting standards and have been consistently applied to all the periods presented, unless otherwise stated.

A Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework'. The Company has taken advantage of the following disclosure exemptions under FRS101 in accordance with the Companies Act 2006:

- The requirements of IAS7 'Statement of Cash Flows';
- The requirements of paragraph 17 of IAS24 'Related Party Disclosures';
- The requirements in IAS24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- The requirements of paragraph 45(b) and 46-52 of IFRS2 'Share Based Payments';
- The requirements of IFRS7 'Financial Instruments: Disclosures';
- The requirements of paragraph 134(d) – 134(f) and 135(c) – 135(e) of IAS36 'Impairment of Assets';
- The requirements of paragraphs 10(d) and 134 – 136 of IAS1 'Presentation of Financial Statements'; and
- The requirements of paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS16 'Property, Plant and Equipment', and paragraph 118(e) of IAS38 'Intangible Assets'.

The results of the Company, along with the equivalent disclosures in respect of the exemptions listed above are included in the consolidated Group ARA, details of which are contained in note 15.

The financial statements have been prepared under the historical cost convention. A summary of the more important Company accounting policies is set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out below.

(i) Exceptional items
The Company separately discloses material one-off items as it believes it assists shareholders to understand underlying performance and trends between periods. Judgement is required in determining whether an item should be classified as an exceptional item or included within underlying results. In the current year impairment charges, restructuring costs and onerous property lease costs have been disclosed as exceptional items. Further details are disclosed in note 3.

(ii) *Income taxes*
Judgement must be applied in assessing the likely outcome of certain tax matters whose final outcome may not be determined for a number of years. These judgements are reassessed in each period until the outcome is finally determined through resolution with a tax authority and/or through a legal process. Differences arising from changes in judgement or from final resolution may be material and will be charged or credited to the income statement in the relevant period.

(iii) Estimated impairment of intangible assets and property, plant and equipment.

Details of the Company's accounting policy in relation to impairments and impairment reversals are disclosed in part E of this note.

The application of the policy requires the use of accounting estimates and judgements in determining the recoverable amount of cash-generating units to which the intangible assets and property, plant and equipment are associated. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Estimates of fair value less costs of disposal are performed internally by experienced senior management

1. Accounting policies (continued)

A Basis of preparation (continued)

supported by knowledge of similar transactions and advice from external experts or, if applicable, offers received. Value in use is calculated using estimated cash flow projections from financial budgets, discounted by selecting an appropriate rate for each cash-generating unit. The best estimate of the directors may differ from the actual results.

(ii) Property related Provisions
Provisions are recognised in accordance with the policy disclosed in part M of this note. Estimates have been made in determining (1) the remaining costs from the Group restructuring and simplification project (2) the amount and likelihood of settlement of indirect tax provisions. Management's judgement is that the cost provided represents the lower of the cost of fulfilling the contract or the cost of exiting the contract. In calculating property lease provisions, estimates are made of the discounted cash flows associated with the property and its associated operations including sub-let income together with estimates of any dilapidation obligations. Further details of provisions made are disclosed in note 16. The best estimate of the directors may differ from the actual results.

Standards, amendments to and interpretations of existing standards adopted by the Company
The Company has not been materially impacted by the adoption of any standards and has not early adopted any standard, amendment or interpretation that was issued but is not yet effective. The Company applies, for the first time, IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments.

IFRS15 - Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances, when applying each step of the model to contracts with their customers. The Company adopted IFRS 15 using the full retrospective method of adoption with no material impact on the financial statements of the Company.

(a) Gaming Win - Casino
The Company's income earned from gaming win - casino does not fall within the scope of IFRS 15. Income from this activity is disclosed as revenue although is accounted for and meets the definition of a gain under IFRS 9.

(b) Gaming Win – Poker, Food and Beverage and Other
The Company's income earned from the above items is recognised when the goods or services are transferred to the customer and is within the scope of IFRS 15.

IFRS9 - Financial Instruments
IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The company has applied IFRS 9 retrospectively with no material impact on the financial statements of the Company.

(a) Classification and measurement
The Company's income earned from gaming win falls within the scope of IFRS 9, the change has not resulted in a material impact on accounting or presentation of this income. There were no changes in classification and measurement of other financial assets and liabilities.

(b) Impairment
The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL). IFRS 9 application did not result in material changes to the Company's financial statements.

1. Accounting policies (continued)

A Basis of preparation (continued)

There are no other new or amended standards or interpretations that became effective in the period which have had a material impact upon the values or disclosures in the interim financial information.

Standards, amendments to and interpretations of existing standards that are not yet effective
IFRS 16 'Leases' represents a significant change, notably for lessees, in how leases are accounted for and reported. The standard will be effective for the Company for the period beginning 1 July 2019 and will replace IAS 17 'Leases'. IFRS 16 will require all lessees to recognise a right-of-use asset and lease liability for all leases, except for leases with a lease term of 12 months or less or where the underlying asset is of low value.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and subsequently measured at amortised cost with interest expense recognised within finance income (cost) in the consolidated income statement. Right-of-use assets are initially measured at cost which comprises the initial measurement of the lease liability, lease payments made before or at the commencement date and any initial direct costs. Right-of-use assets are depreciated over their useful life or over the lease term.

The Company will apply the modified retrospective approach for IFRS 16 transition. Under this approach the Company will measure lease liabilities at the present value of the remaining lease payments, discounted at the incremental borrowing rate at the date of initial application. Right-of-use assets will be recognised, on a lease by lease basis, at their carrying amount as if the standard had been applied since the commencement date but discounted at the incremental borrowing rate at the date of initial application or at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The cumulative effect of initially applying IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at the date of initial application. The Company intends to apply the below practical expedients permitted under the modified retrospective approach;

- apply a single discount rate to a portfolio of leases with similar characteristics;
- adjust the right-of-use asset on transition by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- exclude leases for measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- exclude initial direct lease costs in the measurement of the right-of-use asset; and
- use hindsight to determine the lease term if the contract contains options to extend or terminate.

The estimated impacts of IFRS 16 before adjustments for tax on the opening balance in the financial statements for the Group at 1 July 2019 are detailed in the Group's ARA page 117.

B Revenue recognition

Revenue consists of the fair value of sales of goods and services net of VAT, rebates and discounts.

(a) *Gaming win*
Revenue for casinos includes gaming win before deduction of gaming-related duties. Revenue for poker represents the rake received. The fair value of free bets, promotions and customer bonuses ('customer incentives') are also deducted from all revenue streams.

Although disclosed as revenue, gaming win (other than from poker and bingo) is accounted for and meets the definition of a gain under IFRS 9 "Financial Instruments".

(b) *Food and beverage*
Revenue from food and beverage sales is recognised at the point of sale.

C Intangible assets

The Company capitalises purchased casino licences. Management believes that casino licences have indefinite lives as based on all relevant factors there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it

1. Accounting policies (continued)
C Intangible assets (continued)
resides. Each licence is reviewed annually for impairment. Any costs incurred to obtain a 'cold' casino licence or renewing casino licences annually are expensed as incurred.

D Tangible assets
Tangible assets are stated at cost, net of accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on assets using the straight-line method to allocate their cost less residual values over their estimated useful lives, as follows:

- refurbishment of leasehold property 5 to 20 years; and
- fixtures, fittings, plant and machinery 3 to 20 years.

Residual values and useful lives are reviewed, and adjusted prospectively if appropriate. An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

E Impairment of intangible assets and tangible assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units, CGUs). The expected cash flows generated by the assets are discounted using appropriate discount rates, which reflect the time value of money and risks associated with the groups of assets.

If an impairment loss is recognised, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an exceptional expense in the income statement immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised within exceptional items as income.

Any impairment is allocated equally across all assets in a CGU unless there is an indication that a class of assets should be impaired in the first instance or a fair market value exists for one or more assets. Once an asset has been written down to its fair value less costs to sell them any remaining impairment is allocated equally amongst the remaining assets.

F Taxation
Current tax is applied to taxable profits at the rates ruling in the relevant country.

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

1. Accounting policies (continued)
F Taxation (continued)
Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

G Cash and cash equivalents
Cash and short-term deposits in the balance sheet include cash at banks and in hand and short-term deposits with an original maturity of three months or less.

H Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
• Financial assets at fair value through profit or loss
The Company only holds financial assets that are classified and measured at amortised cost.
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Company's financial assets at amortised cost includes other receivables and cash.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:
• The rights to receive cash flows from the asset have expired
Or
• The Company has transferred its rights to receive cash flows from the asset
When the Company has transferred its rights to receive cash flows from an asset it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Impairment
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

1. Accounting policies (continued)

H Financial assets (continued)

For other receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company assesses this based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

I Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

J Exceptional items

The Company separately discloses those items which are required to give a full understanding of the Company's financial performance and aid comparability of the Company's results between periods. Exceptional items are considered by the directors to require separate disclosure due to their size or nature in relation to the Company.

2. Revenue

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Geographical Market		
UK	16,803	16,048
Total	16,803	16,048

An analysis of the Company's revenue (including turnover) by category is as follows:

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Category		
Gaming income	15,568	14,658
Food and beverage	1,158	1,309
Other	77	81
Total	16,803	16,048

The gaming income primarily relates to the provision of poker services.

3. Operating profit

The following items have been included in arriving at operating profit for the year:

	Note	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Depreciation of tangible assets			
- owned assets	8	453	516
Exceptional operating costs	7	-	160
Repairs and maintenance expenditure on property, plant and equipment		45	88

The exceptional cost in the prior year was due to a write down of casino licences within intangible fixed assets at the Bradford venue, this site was closed in the year due to intense competition causing the venue to become loss-making and management concluding the license had no value.

Audit fees have been borne by a fellow group company, Rank Group Gaming Division Limited.

4. Interest

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Interest receivable		
Interest receivable from Group companies	47	74
Total	47	74
Total net interest receivable	47	74

5. Taxation

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Current tax		
UK corporation tax in respect of current year	677	605
Total current tax charge	677	605
Deferred tax		
Origination and reversal of timing differences	25	13
Exceptional items	-	(27)
Deferred tax restatement	(3)	2
Total deferred tax charge/ (credit) for the year	22	(12)
Tax charge in the income statement	699	593

The tax on the Company's loss before tax differs from the standard rate of UK corporation tax in the year of 19.00% (2018: 19.00%). The differences are explained below:

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Profit before tax	3,665	3,100
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	696	589
Effects of:		
Expenses not deductible	6	2
Deferred tax restatement	(3)	2
Tax charge in the income statement	699	593

On 8 July 2015, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 19.0% for the year starting 1 April 2017 and a further 1.0% reduction to 18.0% from 1 April 2020. These changes were substantively enacted in October 2015.

On 16 March 2016, the Chancellor of the Exchequer announced a further 1.0% reduction to the previously announced 18.0% main rate of UK corporation tax to 17.0% from 1 April 2020. This change was substantively enacted in September 2016.

The rate reductions will reduce the amount of cash tax payments to be made by the Company in future periods.

6. Dividend

Amounts recognised as distributions to equity holders in the year:

	At 30 June 2019 £000	At 30 June 2018 £000
Final dividend for the year ended 30 June 2017 on 24 November 2017	-	600
	-	600

No dividend was proposed in the year.

7. Intangible assets

	Casino licences £000
Cost	
At 1 July 17,30 June 2018 and 30 June 2019	6,462
Aggregate amortisation and impairment	
At 1 July 2018	(160)
Impairment charge for the year	-
At 30 June 2019	6,302
Net book value	
At 30 June 2018	6,302
At 30 June 2019	6,302

8. Tangible assets

	Leasehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Total £000
Cost			
At 1 July 2018	363	5,282	5,645
Additions	-	188	188
At 30 June 2019	363	5,470	5,833
Aggregate depreciation and impairment			
At 1 July 2017	(133)	(2,960)	(3,093)
Charge for the year	(29)	(424)	(453)
At 30 June 2018	(162)	(3,384)	(3,546)
Net book value			
At 30 June 2018	230	2,322	2,552
At 30 June 2019	201	2,086	2,287

The depreciation charge for the year has been recognised as an operating expense.

9. Deferred tax

	At 30 June 2019 £000	At 30 June 2018 £000
Accelerated capital allowances	(56)	(34)
Casino licences	234	190
Net deferred tax liability	178	156
Accelerated capital allowances	(22)	(30)
Casino licences	44	18
Deferred tax credit (charge) in the income statement	22	(12)
The reconciliation of movement in the deferred tax liability is as follows:		
At start of year	156	168
Deferred tax charge in the income statement	22	(12)
Deferred tax liability at end of year	178	156

10. Other receivables

	At 30 June 2019 £000	At 30 June 2018 £000
Trade and other receivables	40	38
Amounts owed by fellow subsidiary undertakings	8,514	4,509
	8,554	4,547

No receivables were impaired at either balance sheet date and accordingly no provision for receivables was held. Other receivables do not contain impaired or past due assets.

The carrying values of other receivables are assumed to approximate to their fair value due to the short-term nature of the receivables. Amounts owed by subsidiary undertakings are unsecured, carry an interest rate of 1.04%, are payable on demand and accordingly have no set maturity date. Cash generated during the period has been pooled in accordance with the Group's treasury policy to a fellow subsidiary resulting in an increase in amounts due from this fellow subsidiary.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables disclosed above. The Company does not hold any collateral as security.

11. Other payables

	At 30 June 2019 £000	At 30 June 2018 £000
Trade payables	30	25
Tax & social security	1,247	816
Other payables	163	170
Bank overdraft	-	-
	1,440	1,011

The carrying value of other payables is assumed to approximate to their fair value.

12. Ordinary share capital

	At 30 June 2019 £000	At 30 June 2018 £000
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid		
1 ordinary shares of £1 each	1	1

13. Financial assets and liabilities

The accounting policies for financial assets have been applied to the line items below:

	Other financial assets	
	At 30 June 2019 £000	At 30 June 2018 £000
Trade receivables	40	8
Amounts owed by subsidiaries	8,514	4,509
Cash at bank and in hand	-	288
	8,554	4,805

The accounting policies for financial liabilities have been applied to the line items below:

	Other financial liabilities	
	At 30 June 2019 £000	At 30 June 2018 £000
Trade and other payables	193	195
	193	195

14. Directors and employees

The directors received no remuneration in the year in respect of their qualifying services as time spent is deemed negligible to the Company (2018: nil). There were no employees of the Company during the year (2018: nil).

15. Parent undertakings and related party transactions

The Company's immediate parent company is Rank Casino Holdings Limited, a company incorporated and registered in England and Wales.

The ultimate parent undertaking is Hong Leong Company (Malaysia) Berhad (Hong Leong), which is incorporated in Malaysia. Hong Leong is the parent undertaking of the largest group to consolidate these financial statements. The Rank Group Plc was the parent undertaking of the smallest group to consolidate these financial statements. Copies of Group's ARA can be obtained from https://www.rank.com/en/investors/results--reports---presentations.category1.html or by written request to the Company Secretary at TOR, Saint-Cloud Way, Maidenhead, Berkshire, SL6 8BN.